

Amended Statement Cover

An Amendment was necessary to correctly reflect the IBNR and CAE reported on Page 3 Line 1 and Page 3 Line 3. Pages 3, 4, 5, 7, 8, 9, GIs and Notes have been updated



QUARTERLY STATEMENT
AS OF SEPTEMBER 30, 2017
OF THE CONDITION AND AFFAIRS OF THE
Harbor Health Plan, Inc.

NAIC Group Code	4893 (Current Period)	4893 (Prior Period)	NAIC Company Code	11081	Employer's ID Number	38-3295207
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	MI		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	09/29/1995		Commenced Business	12/19/2000		
Statutory Home Office	3663 Woodward, Suite 120 (Street and Number)		Detroit, MI, US 48201 (City or Town, State, Country and Zip Code)			
Main Administrative Office	3663 Woodward, Suite 120 (Street and Number)		Detroit, MI, US 48201 (City or Town, State, Country and Zip Code)			
Mail Address	1100 New Jersey Avenue, Suite 840 (Street and Number or P.O. Box)		Washington, DC, US 20003 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	Washington, DC, US 20003 (City or Town, State, Country and Zip Code)		(202)821-1070 (Area Code)(Telephone Number)			
Internet Web Site Address	http://www.harborhealthplan.com					
Statutory Statement Contact	Cleveland E Slade (Name)		(202)821-1070 (Area Code)(Telephone Number)(Extension)			
	cslade@trustedhp.com (E-Mail Address)					
			(Fax Number)			

OFFICERS

Name	Title	
Jesse Lee Thomas	President & CEO	#
Cleveland E. Slade	CFO	#
Chikadibie E. Duru	General Counsel	#

OTHERS

DIRECTORS OR TRUSTEES

Thomas M. Duncan # Claudia Austin
Brenda Williams Caleb DesRosiers JD #

State of Michigan
County of ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Jesse Lee Thomas (Printed Name) 1. President & CEO (Title)	(Signature) Cleveland E. Slade (Printed Name) 2. CFO (Title)	(Signature) Chikadibie E. Duru (Printed Name) 3. General Counsel (Title)
Subscribed and sworn to before me this day of , 2017	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[] No[X] 1 11/21/2017 8
(Notary Public Signature)		

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	7,481,987		7,481,987	7,552,118
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses				212,188
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	728,468		728,468	1,292,972
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	689,302		689,302	210
9.	General expenses due or accrued	902,875		902,875	508,841
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable	37,768		37,768	
12.	Amounts withheld or retained for the account of others	1,451		1,451	
13.	Remittances and items not allocated				238,873
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates				10,173,399
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified (\$.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans	149,339		149,339	655,957
23.	Aggregate write-ins for other liabilities (including \$.....0 current)	105,807		105,807	2,419,404
24.	Total liabilities (Lines 1 to 23)	10,096,997		10,096,997	23,053,962
25.	Aggregate write-ins for special surplus funds	X X X	X X X	582,771	
26.	Common capital stock	X X X	X X X	60,000	60,000
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	7,086,557	7,086,557
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other-than-special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	(713,086)	789,425
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	7,016,242	7,935,982
34.	Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	17,113,239	30,989,944
DETAILS OF WRITE-INS					
2301.	Payable for contracts subject to redetermination				2,419,404
2302.	Escheat Liabilities	92,294		92,294	
2303.	Other Payables	13,513		13,513	
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	105,807		105,807	2,419,404
2501.	Projected ACA fee	X X X	X X X	582,771	
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	582,771	
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months	X X X	89,795	100,185	134,273
2.	Net premium income (including \$.....0 non-health premium income)	X X X	35,684,148	37,991,837	50,580,268
3.	Change in unearned premium reserves and reserves for rate credits	X X X			
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X			
5.	Risk revenue	X X X			
6.	Aggregate write-ins for other health care related revenues	X X X		1,010,909	1,184,647
7.	Aggregate write-ins for other non-health revenues	X X X			
8.	Total revenues (Lines 2 to 7)	X X X	35,684,148	39,002,746	51,764,915
Hospital and Medical:					
9.	Hospital/medical benefits		19,482,089	20,308,997	25,955,769
10.	Other professional services		6,421,182	5,227,077	6,311,934
11.	Outside referrals				
12.	Emergency room and out-of-area		2,343,202		2,216,718
13.	Prescription drugs		2,749,969	4,077,584	5,293,210
14.	Aggregate write-ins for other hospital and medical				
15.	Incentive pool, withhold adjustments and bonus amounts				
16.	Subtotal (Lines 9 to 15)		30,996,442	29,613,658	39,777,631
Less:					
17.	Net reinsurance recoveries		287,143	107,586	457,953
18.	Total hospital and medical (Lines 16 minus 17)		30,709,299	29,506,072	39,319,678
19.	Non-health claims (net)				
20.	Claims adjustment expenses, including \$.....796,140 cost containment expenses		3,235,474	2,991,899	3,822,980
21.	General administrative expenses		4,616,205	3,685,692	5,023,677
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			(337,500)	(450,000)
23.	Total underwriting deductions (Lines 18 through 22)		38,560,978	35,846,163	47,716,335
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(2,876,830)	3,156,583	4,048,580
25.	Net investment income earned		4,144	530	330
26.	Net realized capital gains (losses) less capital gains tax of \$.....0				
27.	Net investment gains or (losses) (Lines 25 plus 26)		4,144	530	330
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....(409,040))]		(409,040)	(39,032)	(130,454)
29.	Aggregate write-ins for other income or expenses		3,221,678		
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(60,048)	3,118,081	3,918,456
31.	Federal and foreign income taxes incurred	X X X	(71,912)	1,091,328	1,371,473
32.	Net income (loss) (Lines 30 minus 31)	X X X	11,864	2,026,753	2,546,983
DETAILS OF WRITE-INS					
0601.	Reimbursable ACA fees	X X X		1,010,909	1,184,647
0602.	.....	X X X			
0603.	.....	X X X			
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		1,010,909	1,184,647
0701.	.....	X X X			
0702.	.....	X X X			
0703.	.....	X X X			
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.	.....			
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page				
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)				
2901.	Extinguishment of Debt with Prior Owner		3,221,678		
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page				
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		3,221,678		

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2	3
		Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT				
33.	Capital and surplus prior reporting year	7,935,982	9,971,924	9,971,924
34.	Net income or (loss) from Line 32	11,864	2,026,753	2,546,983
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0			
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax	(274,801)	120,266	120,266
39.	Change in nonadmitted assets	(407,099)	1,504,937	1,358,167
40.	Change in unauthorized and certified reinsurance			
41.	Change in treasury stock			
42.	Change in surplus notes			
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
44.1	Paid in			
44.2	Transferred from surplus (Stock Dividend)			
44.3	Transferred to surplus			
45.	Surplus adjustments:			
45.1	Paid in		133,000	133,000
45.2	Transferred to capital (Stock Dividend)			
45.3	Transferred from capital			
46.	Dividends to stockholders			(6,160,076)
47.	Aggregate write-ins for gains or (losses) in surplus	(249,704)	(34,279)	(34,282)
48.	Net change in capital and surplus (Lines 34 to 47)	(919,740)	3,750,677	(2,035,942)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	7,016,242	13,722,601	7,935,982
DETAILS OF WRITE-INS				
4701.	Prior year audit adjustments	(249,704)	(34,279)	(34,279)
4702.	Rounding			(3)
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page			
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(249,704)	(34,279)	(34,282)

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	10,162	(122)						673	9,611	
2. First Quarter	10,409	70						849	9,490	
3. Second Quarter	9,945	67						836	9,042	
4. Third Quarter	8,522	1						815	7,706	
5. Current Year										
6. Current Year Member Months	89,795	571						7,571	81,653	
Total Member Ambulatory Encounters for Period:										
7. Physician	39,158	1,180						7,085	30,893	
8. Non-Physician	38,599	3,318						4,203	31,078	
9. Total	77,757	4,498						11,288	61,971	
10. Hospital Patient Days Incurred	1,554	2						458	1,094	
11. Number of Inpatient Admissions	468	2						113	353	
12. Health Premiums Written (a)	36,052,791	(577,487)						5,587,838	31,042,440	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	36,052,791	(577,487)						5,587,838	31,042,440	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	30,878,168	1,132,191						6,091,545	23,654,432	
18. Amount Incurred for Provision of Health Care Services	30,996,443	77,901						6,543,688	24,374,854	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....5,587,838.

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims						
1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
Claims unpaid (Reported)						
.....						
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	858,358	1,225				859,583
0499999 Subtotals	858,358	1,225				859,583
0599999 Unreported claims and other claim reserves						6,622,404
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						7,481,987
0899999 Accrued Medical Incentive Pool And Bonus Amounts						

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid Year to Date		Liability End of Current Quarter		5	6
		1	2	3	4	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
		On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec 31 of Prior Year	On Claims Incurred During the Year		
1.	Comprehensive (hospital & medical)	1,012,795	43	28,701		1,041,496	1,082,995
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare	744,678	5,194,313	70,370	1,382,633	815,048	1,189,265
7.	Title XIX - Medicaid	4,999,379	18,639,819	637,184	5,363,097	5,636,563	5,279,859
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	6,756,852	23,834,175	736,255	6,745,730	7,493,107	7,552,119
10.	Healthcare receivables (a)	49,475				49,475	237,880
11.	Other non-health						
12.	Medical incentive pools and bonus amounts						
13.	Totals (Lines 9 - 10 + 11 + 12)	6,707,377	23,834,175	736,255	6,745,730	7,443,632	7,314,239

(a) Excludes \$.00 loans or advances to providers not yet expensed.

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Harbor Health Plan, Inc. (the “Company”) have been prepared in conformity with accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial conditions and results of operations of an insurance company for determining its solvency under Michigan Insurance law. The National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures Manual, (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the state of Michigan.

The State of Michigan has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, the differences that affect the Company are as follows:

The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Michigan is shown below:

		SSAP#	F/S Page	F/S Line	2017	2016
	<u>NET INCOME</u>					
(1)	State basis (Page 4, Line 32, Columns 2 & 3)				11,863	2,546,983
(2)	State Prescribed Practices that increase/(decrease) NAIC SAP:					
(201)						
(299)	Total					
(3)	State Permitted Practices that increase/(decrease) NAIC SAP:					
(301)						
(399)	Total				0	0
(4)	NAIC SAP (1-2-3=4)				11,863	2,546,983
	<u>SURPLUS</u>					
(5)	State basis (Page 3, Line 33, Columns 3 & 4)				7,016,241	7,935,982
(6)	State Prescribed Practices that increase/(decrease) NAIC SAP:					
(601)						
(699)	Total					
(7)	State Permitted Practices that increase/(decrease) NAIC SAP:					
(701)						
(799)	Total				0	0
(8)	NAIC SAP (5-6-7=8)				7,016,241	7,935,982

B. Use of Estimates in the Preparation of the Financial Statements.

No Material Change

C. Accounting Policy

(1) – (5) – No Material Change

(6) The Company had no loan-backed securities.

(1) (7) – (13) - No Material Change

D. Going Concern

None

Notes to Financial Statement

2. Accounting Changes and Corrections of Errors

The Company reported a correction of an error of \$249,704 for prior year taxes and asset valuation.

3. Business Combinations and Goodwill

No Material Change

4. Discontinued Operations

No Material Change

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - No Material Change

B. Debt Restructuring - No Material Change

C. Reverse Mortgages - No Material Change

D. Loan-Backed Securities - None

E. Repurchase Agreements and/or Securities Lending Transactions

(1) Policy for requiring collateral or other security – No Material Change

(2) Carrying amount and classification of both those assets and associated liabilities – No Material Change

(3) Collateral accepted that it is permitted by contract or custom to sell or repledge:

a. Aggregate amount of contractually obligated open collateral positions – No Material Change

b. Fair value of that collateral and of the portion of that collateral that it has sold or repledged – None

c. Information about the sources and uses of that collateral – No Material Change

(4) Aggregate value of the reinvested collateral which is “one-line” reported and the aggregate reinvested collateral which is reported in the investment schedules – No Material Change

(5) Reinvestment of the cash collateral and any securities which it or its agent receives as collateral that can be sold or repledged – No Material Change

(6) Collateral accepted that it is not permitted by contract or custom to sell or repledge – No Material Change

(7) Collateral for transactions that extend beyond one year from the reporting date – No Material Change

F. Real Estate – No Material Change

G. Low-income housing tax credits (LIHTC) – No Material Change

H. Restricted Assets – No Material Change

I. Working Capital Finance Investments

2) Aggregate Book/Adjusted Carrying Value – None

(3) Events of Default – None

J. Offsetting and Netting of Assets and Liabilities – None

K. Structured Notes - No Material Change

L. 5* Securities - No Material Change

M. Short-Sales – No Material Change

N. Prepayment Penalty and Acceleration Fees – No Material Change

6. Joint Ventures, Partnerships and Limited Liability Companies

No Material Change.

Notes to Financial Statement

7. Investment Income

No Material Change.

8. Derivative Instruments

No Material Change.

9. Income Taxes

No Material Change.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A, B, & C – The Company was acquired February 28, 2017 by Trusted Health Plans, Inc.

D. Amounts Due from or to Related Parties

As of December 31, 2016 \$10,173,399 was recorded as a payable to the Company’s former Parent Company. The amounts were settled in 2017 and the Company now has recorded \$1,398,203 due from its current Parent. This amount is expected to be settled during the fourth quarter of 2017

E. Guarantees - No Material Change.

F. Material management contracts – The Company entered into a Tax Sharing Agreement whereby Trusted Health Plans, Inc. and the Company has agreed to filing a joint federal tax return effective March 1, 2017 and thereafter. In addition on June 5, 2017 the Management Services Agreement was approved by the state.

G. Common Control – No Material Change.

H. Deductions in Value – No Material Change.

I. SCA that exceed 10% of Admitted Assets – No Material Change.

J. Impaired SCAs – No Material Change.

K. Foreign Subsidiary – No Material Change

L. Downstream Noninsurance Holding Company – No Material Change

M. Non-Insurance SCA Investments – No Material Change

N. Investment in Insurance SCA – No Material Change

11. Debt

A. Debt – No Material Change.

B. FHLB (Federal Home Loan Bank) Agreements – None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

A. Defined Benefit Plan

1) Change in benefit obligation – No Material Change

(2) Change in plan assets- No Material Change

(3) Funded status - No Material Change

(4) Components of net periodic benefit cost - None

(5) The amount included in unassigned funds (surplus) for the period arising from a change in the additional minimum pension liability recognized - No Material Change

(6) Amounts in unassigned funds (surplus expected to be recognized in the next fiscal year as components of net periodic benefit cost - No Material Change

(7) Amounts in unassigned funds (surplus) that have not been recognized as components of net periodic benefit cost - No Material Change

Notes to Financial Statement

(8) Weighted-average assumptions used to determine net period benefit cost - No Material Change

(9) The amount of accumulated benefit obligation for defined benefit pension plans - No Material Change

(10) – (11) The defined benefit pension plan asset allocation as of the measurement date, and the target asset allocation, presented as a percentage of total plan assets - No Material Change

(12) Estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years- No Material Change

(13) Regulatory contribution requirements - No Material Change

(14) – (21) No Material Change.

- B. Investment Policies and Strategies – No Material Change
- C. Plan Assets – No Material Change
- D. Long-term Rate-of-return-on-assets Assumption - No Material Change
- E. Defined Contribution Plans - No Material Change
- F. Multi-Employer Plan – No Material Change
- G. Consolidated/Holding Company Plans – No Material Change
- H. Post-Employment Benefits and Compensated Absences – No Material Change
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – No Material Change

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

No Material Change.

14. Liabilities, Contingencies and Assessments

No Material Change.

15. Leases

- A. Lessee Operating Lease – No Material Change.
- B. Lessor Leases – No Material Change

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk

No Material Change

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables reported as Sales – No Material Change
- B. Transfer and Servicing of Financial Assets

(1) Description of loaned securities – No Material Change

(2) Servicing Assets and Liabilities

- a. Risks inherent in servicing assets and servicing liabilities – None
- b. Amount of contractually specified servicing fees, late fees and ancillary fees earned for each period – None
- c. Assumptions used to estimate the fair value – None

(3) Servicing assets and servicing liabilities are subsequently measured at fair value – No Material Change

(4) For securitizations, asset-backed financing arrangements, and similar transfers accounted for as sales when the transferor has continuing involvement (as defined in the glossary of the Accounting Practices & Procedures Manual) with the transferred financial assets:

Notes to Financial Statement

- a. Each income statement presented – None
- b. Each statement of financial position presented, regardless of when the transfer occurred – None

- (5) Transfers of financial assets accounted for as secured borrowing value – No Material Change
- (6) Transfers of receivables with recourse – No Material Change
- (7) Securities underlying repurchase and reverse repurchase agreements – No Material Change

C. Wash Sales – None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

No Material Change

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No Material Change

20. Fair Value Measurements

- A.
- (1) Fair Value Measurements at Reporting Date - None
 - (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy - None
 - (3) The Company’s policy for determining when transfers between levels are recognized is determined at the end of the reporting period.
 - (4) The Company has not valued any securities at a Level 2 or 3.
 - (5) Derivative assets and liabilities- None
- B. Fair Value Information under SSAP No. 100 combined with Fair Value information Under Other Account Pronouncements – None
- C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Short-term Investments	1,000,991	1,000,991		1,000,991		

D. Not Practicable to Estimate Fair Value – None

21. Other Items

- A. Unusual and Infrequent Items – No Material Change
- B. Troubled Debt Restructuring – No Material Change
- C. Other Disclosures – No Material Change
- D. Business Interruption Insurance Recoveries - No Material Change
- E. State Transferable and Non-transferable Tax Credits - No Material Change
- F. Subprime-Mortgage-Related Risk Exposure – No Material Change
- G. Retained Assets – No Material Change
- H. Insurance-Linked Securities - No Material Change

22. Events Subsequent

No Material Change

Notes to Financial Statement

23. Reinsurance

No Material Change

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Accrued retrospective premium adjustments - No Material Change
- B. Accrued retrospective premium as an adjustment to earned premium - No Material Change
- C. Net premiums written subject to retrospective rating features - No Material Change
- D. Medical loss ratio rebates required pursuant to the Public Health Service Act - None.
- E. Risk-Sharing Provisions of the Affordable Care Act (ACA)
 - (1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? Yes
 - (2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year

	AMOUNT
a. Permanent ACA Risk Adjustment Program	
Assets	
1.Premium adjustments receivable due to ACA Risk Adjustment	0
Liabilities	
2. Risk adjustment user fees payable for ACA Risk Adjustment	0
3.Premium adjustments payable due to ACA Risk Adjustment	1,625
Operations (Revenue & Expense)	
4.Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	537,857
5.Reported in expenses as ACA risk adjustment user fees (incurred/paid)	
b. Transitional ACA Reinsurance Program	
Assets	
1.Amounts recoverable for claims paid due to ACA Reinsurance	0
2.Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)	0
3.Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	
Liabilities	
4.Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	0
5.Ceded reinsurance premiums payable due to ACA Reinsurance	0
6.Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance	0
Operations (Revenue & Expense)	
7.Ceded reinsurance premiums due to ACA Reinsurance	0
8.Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments	0
9.ACA Reinsurance contributions – not reported as ceded premium	0
c. Temporary ACA Risk Corridors Program	
Assets	
1.Accrued retrospective premium due to ACA Risk Corridors	0
Liabilities	
2.Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	0
Operations (Revenue & Expense)	
3.Effect of ACA Risk Corridors on net premium income (paid/received)	0
4.Effect of ACA Risk Corridors on change in reserves for rate credits	0

Notes to Financial Statement

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.

	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 – 3 +7)	Cumulative Balance from Prior Years (Col 2 – 4 +8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustments receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	A	\$0	\$0
2. Premium adjustments (payable)	\$0	\$2,419,404	\$0	\$2,957,261	\$0	\$(537,857)	\$0	539,482	B	\$0	\$1,625
3. Subtotal ACA Permanent Risk Adjustment Program	\$0	\$2,419,404	\$0	\$2,957,261	\$0	\$(537,857)	\$0	\$539,482		\$0	\$1,625
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	\$89,940	\$0	\$0	\$0	\$89,940	\$0	\$(89,940)	\$0	C	\$0	\$0
2. Amounts recoverable for claims unpaid (contra liability)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	D	\$0	\$0
3. Amounts receivable relating to uninsured plans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	E	\$0	\$0
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	F	\$0	\$0
5. Ceded reinsurance premiums payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	G	\$0	\$0
6. Liability for amounts held under uninsured plans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	H	\$0	\$0
7. Subtotal ACA Transitional Reinsurance Program	\$89,940	\$0	\$0	\$0	\$89,940	\$0	\$(89,940)	\$0		\$0	\$0
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	I	\$0	\$0
2. Reserve for rate credits or policy experience rating refunds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	J	\$0	\$0
3. Subtotal ACA Risk Corridors Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
d. Total for ACA Risk Sharing Provisions	\$89,940	\$2,419,404	\$0	\$2,957,261	\$89,940	\$(537,857)	\$(89,940)	\$539,482		\$0	\$1,625

Explanations of Adjustments

A
B Adjusted amount based on notice received from United States Department of Health and Human Services.
C Adjusted amount based on notice received from United States Department of Health and Human Services.
D
E
F
G
H
I
J

(4) Roll Forward of ACA Risk Corridor Asset and Liability Balances

Risk Corridors Program Year	Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Ref	Unsettled Balances as of the Reporting Date	
					Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1 – 3 +7)	Cumulative Balance from Prior Years (Col 2 – 4 +8)
	1	2	3	4	5	6	7	8		9	10
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
2014									A		
1. Accrued retrospective premium									B		
2. Reserve for rate credits or policy experience rating refunds											
2015	-								C	-	0
1. Accrued retrospective premium									D		
2. Reserve for rate credits or policy experience rating refunds											
2016									E		
1. Accrued retrospective premium											
2. Reserve for rate credits or policy experience rating refunds									F		
d. Total for Risk Corridors											

Explanations of Adjustments

A Adjusted balance based on management judgement
B.
C
D
E
F

24E(4)d (Columns 1 through 10) should equal 24E(3)c3 (Column 1 through 10 respectively)

Notes to Financial Statement

(5) ACA Risk Corridor Receivable:

	1	2	3	4	5	6
Risk Corridors Program Year	Estimated Amount to be Filed or Final Amount Filed with CMS	Non-Accrued Amounts for Impairment or Other Reasons	Amounts received from CMS	Asset Balance (Gross of Non- admissions) (1-2-3)	Non-admitted Amount	Net Admitted Asset (4-5)

a. 2014

b. 2015

c. 2016

d. Total

(a+b+c)

24E(5)d (Column 4) should equal 24E(3)c1 (Column 9)
24E(5)d (Column 6) should equal 24E(2)c1

25. Changes in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2016 were \$7,764,306. As of September 30, 2017, \$6,919,565 has been paid for incurred claims and claims adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$736,255 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$108,486 unfavorable prior-year development since December 31, 2016 to September 30, 2017. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

No Material Change

27. Structured Settlements

No Material Change

28. Health Care Receivables

No Material Change

29. Participating Policies

No Material Change

30. Premium Deficiency Reserves

No Material Change

31. Anticipated Salvage and Subrogation

No Material Change

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes[] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state?

Yes[] No[] N/A[X]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes[] No[X]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes:
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

If yes, attach an explanation.

Yes[] No[] N/A[X]
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2015
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2015
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/29/2017
- 6.4 By what department or departments?

Michigan Department of Insurance and Financial Services
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes[X] No[] N/A[]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[X] No[] N/A[]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 7.2 If yes, give full information
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

Yes[X] No[]
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 1,398,203

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes[] No[X]
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ 0
13. Amount of real estate and mortgages held in short-term investments:

\$ 0

GENERAL INTERROGATORIES (Continued)

INVESTMENT

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

14.2 If yes, please complete the following:

Yes[] No[X]

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds		
14.22 Preferred Stock		
14.23 Common Stock		
14.24 Short-Term Investments		
14.25 Mortgages Loans on Real Estate		
14.26 All Other		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[X]
Yes[] No[] N/A[X]

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

16.3 Total payable for securities lending reported on the liability page

\$ 0
\$ 0
\$ 0

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[X] No[]

1 Name of Custodian(s)	2 Custodian Address
Comerica	Detroit, MI

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

17.4 If yes, give full and complete information relating thereto:

Yes[] No[X]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

17.5 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. [" that have access to the investment accounts"; " handle securities"]

1 Name of Firm or Individual	2 Affiliation
Cleveland E. Slade .....	..... I

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's assets?

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

Yes[] No[X]
Yes[] No[X]

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
.....

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

18.2 If no, list exceptions:

Yes[X] No[]

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	88.290%
1.2 A&H cost containment percent	2.231%
1.3 A&H expense percent excluding cost containment expenses	19.772%
2.1 Do you act as a custodian for health savings accounts?	Yes[] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$..... 0
2.3 Do you act as an administrator for health savings accounts?	Yes[] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$..... 0

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304. ....	.....	.....	.....	.....
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396) .....	.....	.....	.....	.....
2597. Summary of remaining write-ins for Line 25 (Lines 2504 through 2596) .....	.... X X X ....	.... X X X ....	.....	.....
3097. Summary of remaining write-ins for Line 30 (Lines 3004 through 3096) .....	.... X X X ....	.... X X X ....	.....	.....